

Message Text

SECRET

PAGE 01 STATE 185153
ORIGIN EUR-12

INFO OCT-01 ISO-00 EA-10 SS-15 DOE-15 SOE-02 OES-09
ACDA-12 CIAE-00 INR-10 IO-13 L-03 NSAE-00 NSC-05
EB-08 NRC-05 DODE-00 SP-02 CEQ-01 PM-05 H-01
PA-01 ICA-11 /141 R

DRAFTED BY E/JFWILSON:DB
APPROVED BY EUR/CAN:JHROUSE, JR.
EUR/CAN - W. GARLAND
EA/J - H. COCHRAN
T - L. SCHEINMAN
DOE - T. ANKRUM
DOE - G. HELFRICH
OES/NET/IM - D. HOYLE

-----021109 212219Z /75

P 212129Z JUL 78
FM SECSTATE WASHDC
TO AMEMBASSY OTTAWA PRIORITY

S E C R E T STATE 185153

E.O. 11652: N/A

TAGS: TECH, ENRG, CA, JA

SUBJECT: POSSIBLE SALE OF ENRICHED URANIUM TO JAPAN

REF: (A) OTTAWA 03393, (B) STATE 103441

1. THE FOLLOWING IS AN UPDATE ON CURRENT STATUS OF USG
TALKS WITH THE JAPANESE ON THE SUBJECT OF PREPAYMENTS FOR
URANIUM ENRICHMENT SERVICES AND A POSSIBLE ADDITIONAL SALE,
OUTRIGHT, OF ENRICHED URANIUM, TOGETHER WITH PRELIMINARY
COMMENTS ON GOC CONCERNS OUTLINED IN REF. A.

2. AT THE TIME REF. B WAS TRANSMITTED, USG AND GOJ HAD
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AGREED ONLY TO DISCUSS THE POSSIBILITY OF PREPAYMENT OF
\$1 BILLION FOR URANIUM ENRICHMENT SERVICES. AS NOTED IN
REF. B, SUCH A PREPAYMENT RELATED TO EXISTING CONTRACTS AND
WOULD THEREFORE NOT IMPINGE ON GOC INTERESTS OR THOSE OF
OTHER COUNTRIES. SUBSEQUENT TO REF. B, DOE EXPRESSED AN
INTEREST IN TENTATIVELY EXPLORING ALSO A POSSIBLE SALE OF
ENRICHED URANIUM, (RESPONDING TO THE ORIGINAL JAPANESE IN-

QUIRY OF LAST FALL), IN ADDITION TO THE PREPAYMENT. THIS WAS IN LIGHT OF RECENT EVALUATIONS OF US STOCKPILE LEVELS, WHICH SUGGESTED THE STOCKPILE COULD BE SOMEWHAT REDUCED. UNLIKE THE PREPAYMENT, IT IS EVIDENT THAT AN ENRICHED

RANIUM SALE, SHOULD IT OCCUR, MIGHT HAVE SOME IMPACT ON FOREIGN INTERESTS, NOTABLY CANADIAN, AS JAPAN HAS GENERALLY SOURCED ITS NATURAL URANIUM THERE. IT SHOULD BE NOTED, HOWEVER, THAT THE RECENT OVERTURES TO THE JAPANESE BY EURODIF AND EURENCO ALSO INVOLVE THE SALE OF ENRICHED URANIUM.

3. ISSUE OF ENRICHED URANIUM SALE IS, OBVIOUSLY, MUCH MORE COMPLICATED THAN THE PREPAYMENT MATTER, AND FOR THIS REASON WASHINGTON AGENCIES AGREED TO TREAT THEM SEPARATELY. JAPANESE TEAM CAME HERE ON JUNE 26-28 FOR DISCUSSIONS. THESE CENTERED MAINLY ON PREPAYMENT, ON WHICH DETAILS ARE NOW CLOSE TO RESOLUTION. IN A SEPARATE MEETING, DOE REPS ADVISED JAPANESE THAT IF JAPANESE WERE STILL INTERESTED, THEY WERE PREPARED TO ENTERTAIN A PROPOSAL TO SELL MATERIAL IN ADDITION TO PREPAYMENT. DOE REPS EMPHASIZED THAT THEY WERE NOT PROPOSING SUCH A SALE, BUT ONLY INDICATED A WILLINGNESS TO CONSIDER A JAPANESE PROPOSAL, AND THAT ANY SALE WOULD HAVE TO TAKE INTO CONSIDERATION THE TOTALITY OF U.S.-JAPANESE NUCLEAR ISSUES, AND U.S. INTERESTS IN NUCLEAR FUEL ASSURANCES. IN RESPONSE TO QUESTIONS, THEY INDICATED
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THEY HAD NO PARTICULAR QUANTITY OF MATERIAL IN MIND AND NOTED THAT THERE IS A PUBLISHED PRICE FOR SALE OF ENRICHED URANIUM.

4. SEVERAL SOURCES HAVE CONTRIBUTED TO PUBLIC AWARENESS OF THE POSSIBILITY OF SALE OF ENRICHED URANIUM. PRIOR TO JULY 16-17 SUMMIT MEETING, PRIME MINISTER FUKUDA, OUTLINING VARIOUS "EMERGENCY IMPORT MEASURES" IN PRESS CONFERENCES, MENTIONED PREPAYMENT FOR ENRICHMENT SERVICES AMONG THOSE "VERY LIKELY" TO OCCUR AND JAPANESE PURCHASE OF ENRICHED URANIUM AS "POSSIBLE". DURING STATEMENTS OF HEADS OF GOVERNMENT IN BONN STADT THEATER AT SUMMIT CONCLUSION, HOWEVER, FUKUDA USED THE FOLLOWING LANGUAGE: "AT THE SAME TIME, WE ARE NOT SATISFIED WITH SUCH A MEASURE ALONE (I.E. HIGH DOMESTIC GROWTH RATE). WE ARE RESORTING TO SOME EMERGENCY IMPORTS SUCH AS OF ENRICHED URANIUM, CIVILIAN AIRCRAFT AND CRUDE OIL." IMPRESSION CONVEYED BY THIS STATEMENT, THAT URANIUM PURCHASE HAS BEEN AGREED, IS DEFINITELY ERRONEOUS, AND IS PROBABLY DUE TO FAILURE TO DISTINGUISH CAREFULLY BETWEEN PREPAYMENT AND PURCHASE ISSUES AND TO PROVIDE PROPER CAVEATS. IT IS POSSIBLE, HOWEVER, THAT THIS STATEMENT WILL, IN CANADA, REINFORCE IMPRESSION LEFT

BY ARTICLE IN NUCLEONICS WEEK, CITED IN PARA. 2 OF REF. A,
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MAY ALSO BE MISLEADING IN REPORTING THE AMOUNT OF THE PO-
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HAS BEEN DETERMINED.

5. IT MUST BE STRESSED THAT USG-GOJ DISCUSSIONS ON A SALE
ARE IN VERY EXPLORATORY STAGE. NO NEGOTIATIONS HAVE TAKEN
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TACTS IN JAPANESE EMBASSY HERE REPORT THAT FEELING IN
TOKYO IS THAT IT WOULD BE "VERY DIFFICULT" TO CARRY THROUGH
A SALE WITHIN FRAMEWORK OUTLINED BY DOE IN RECENT WASHING-
TON MEETING.

6. DOE ASSISTANT SECRETARY BERGOLD HAS ALREADY CONTACTED
CANADIAN AMBASSADOR TOWE IN AN EFFORT TO PUT FUKUDA
STATEMENT INTO PERSPECTIVE. EMBASSY MAY DRAW ON INFOR-
MATION ABOVE IN RESPONDING TO GOC REQUESTS FOR INFORMATION
OR UPDATE ON US-GOJ DISCUSSIONS ON THIS MATTER.

7. IN VIEW OF IMPORTANCE OF OUR ENERGY RELATIONS WITH
CANADA, IMPACT OF POSSIBLE JAPANESE TRANSACTIONS ON CANADA
MUST BE TAKEN INTO ACCOUNT IN ANY U.S. POLICY DECISION.
AS INPUT TO THIS PROCESS, EMBASSY VIEWS ARE SOLICITED ON
FORMS THE CANADIAN REACTION MIGHT TAKE AND POSSIBLE IMPACT
ON BILATERAL ENERGY COOPERATION OR OTHER ISSUES NOT DIRECT-
LY RELATED TO THIS MATTER. VANCE

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ORIGIN OES-09

INFO OCT-01 EA-10 ISO-00 EUR-12 SS-15 /047 R

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DRAFTED BY:OES/NET/EIC:DHCOOPER
APPROVED BY:OES/NET/EIC:DIXON B. HOYLE
E.:J.F.WILSON
EA/J:HCOCHRAN
EUR/CAN:WGARLAND

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R 030510Z AUG 78
FM SECSTATE WASHDC
TO AMEMBASSY TOKYO

S E C R E T STATE 185153

FOLLOWING REPEAT STATE 185153 ACTION OTTAWA JULY 21.

QUOTE: S E C R E T STATE 185153

E.O. 11652: N/A

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, URANIUM
Control Number: n/a
Copy: SINGLE
Draft Date: 21 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: DB
Enclosure: DG ALTERED
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780300-0978
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1978/newtext/t19780732/aaaabbag.tel
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Litigation History:
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Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: 78 OTTAWA 3393, 78 STATE 103441
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 24 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1923017
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE SALE OF ENRICHED URANIUM TO JAPAN
TAGS: TECH, ENRG, CA, JA
To: OTTAWA
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/89b68a6e-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014